

Message Text

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PAGE 01 PARIS 03306 01 OF 02 061818Z

51

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 RSC-01 FAA-00 L-02 IO-10 /042 W

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R 061806Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6493

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 03306

E.O. 11652: N/A

TAGS:EAIR FR

SUBJECT: CIVAIR:RESTRICTIVE PRACTICES

REF: STATE 23126, STATE 196118

1. WE HAVE LITTLE TO ADD TO WHAT WE HAVE ALREADY REPORTED ON ABOVE SUBJECT IN PARIS A-538 OF JULY 19, 1974 AND, AS REGARDS SUBSIDIES, IN PARIS 11705 OF MAY 14, 1974. FOLLOWING SUPPLEMENTS AND, IN SOME CASES, CORRECTS THAT EARLIER INFORMATION.

2. RESPONSE NEGATIVE FOR POINTS A THROUGH D, F AND G OF PARA 2, STATE 196118.

3. RE MENTION IN A-538 OF SEPARATE SECTION IN SGAC ADMINISTRATION FOR DEALING WITH AIR FRANCE, THIS "DISCRIMINATION" IN FAVOR OF AIR FRANCE WAS ABOLISHED SEVERAL MONTHS AGO AND SGAC CONTENDS THAT AIR FRANCE IS NOW TREATED LIKE ANY OTHER CARRIER AS FAR AS SGAC STAFF IS CONCERNED. WE REMAIN SKEPTICAL, HOWEVER.

4. WE HAVE REPORTED PREVIOUSLY ON PROBLEMS OF US CARRIERS AT CHARLES DE GAULLE AIRPORT SINCE "CONNECTING" FLIGHTS FROM FRENCH PROVINCES FEED CONVENIENTLY INTO AIR FRANCE INTERNATIONAL FLIGHTS BUT DO NOT SERVE US CARRIERS' NEEDS VERY WELL. FRENCH
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PAGE 02 PARIS 03306 01 OF 02 061818Z

DOMESTIC FLIGHTS IN QUESTION ARE PROVIDED BY AIR FRANCE

AND AIR INTER. NOT ONLY DOES AIR FRANCE THUS LOOK OUT FOR ITS OWN NEEDS IN ITS DOMESTIC SCHEDULING, BUT AIR FRANCE IS ALSO MINORITY SHAREHOLDER IN AIR INTER. OTHER SHARES IN AIR INTER ARE HELD BY NATIONAL RAILWAYS AND PUBLIC CREDIT ESTABLISHMENTS, THUS GIVING GOF MAJORITY INTEREST IN AIR INTER. GOF IS THUS IN POSITION ENSURE AIR INTER SCHEDULING ALSO SERVES NATIONALIZED CARRIER AIR FRANCE. IN ALL FAIRNESS, HOWEVER, IT SHOULD BE POINTED OUT THAT AT SAME TIME GOF HAS STAKE IN ALSO TRYING MEET NEEDS OF CARRIERS OF OTHER NATIONALITIES SO AS TO DEVELOP TRAFFIC IN ORDER CONTRIBUTE TO REVENUE OF PARIS AIRPORT AUTHORITY, WHICH IS GOF CONTROLLED. ALSO, AIR FRANCE'S REJOINDER TO CRITICISM OF FEEDING OF ITS OWN INTERNATIONAL FLIGHTS BY ITS DOMESTIC FLIGHTS IS THAT TWA DOUBTLESS DOES THE SAME THING AS BETWEEN ITS OWN INTERNATIONAL AND DOMESTIC NETWORKS.

5. WE HAVE SEEN (IN LETTER TO EDITOR OF AVIATION WEEK SOME TIME AGO) COMPLAINT THAT US CARRIERS ARE NOT AUTHORIZED BUY ADVERTISING SPOTS ON FRENCH TV, WHICH WAS ALLEGED TO BE DISCRIMINATORY. WE UNDERSTAND, HOWEVER, THAT ADVERTISING BY AIR FRANCE IS SIMILARLY BANNED UNDER POLICY REGARDING NATURE OF PRODUCTS OR SERVICES THAT CAN BE ADVERTISED ON FRENCH TV. (THIS RELATES TO PAID AS DISTINCT FROM "CLANDESTINE" ADVERTISING.)

6. AS REPORTED PREVIOUSLY, SGAC HAS AUTHORIZED AIR FRANCE TO TRANSPORT PART CHARTERS ON ITS SCHEDULED FLIGHTS TO US, WHICH IS A PRACTICE CLEARLY DETRIMENTAL TO COMPETITIVE POSITION OF US CARRIERS ON NORTH ATLANTIC. HOWEVER, IT WOULD BE DIFFICULT TO PROVE THAT GOF PRACTICE IN THIS REGARD HAS BEEN DISCRIMINATORY OR RESTRICTIVE, SINCE WE UNDERSTAND THAT SGAC WAS PREPARED AUTHORIZE PART CHARTERS FOR PANAM THOUGH PANAM REFUSED IN ORDER NOT VIOLATE CAB REGULATIONS. (COMMENT: SGAC TELLS US THAT PART CHARTERS ARE NO LONGER BEING AUTHORIZED FOR AIR FRANCE.)

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PAGE 03 PARIS 03306 01 OF 02 061818Z

7. BECAUSE AIR FRANCE AND UTA FLIGHTS TO FRENCH TERRITORIES ELSEWHERE IN THE WORLD ARE CONSIDERED "DOMESTIC" SERVICE, FRENCH CARRIERS ARE NOT BOUND BY IATA RULES AND SO CAN BE INDISCRIMINATE IN OFFERING FREE TRANSPORTATION ON THESE ROUTES. ALSO, LOWER "DOMESTIC" FARES APPLY. HOWEVER, THESE ARE ROUTES TO POINTS EITHER NOT SERVED BY US SCHEDULED CARRIERS OR

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PAGE 01 PARIS 03306 02 OF 02 061816Z

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ACTION EB-07

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LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 03306

ON WHICH THEY ARE NOT DIRECTLY COMPETITIVE. AS REPORTED PARIS A-538, HOWEVER, OFFER OF FREE SIDE TRIPS TO SOME OF THESE OVERSEAS FRENCH TERRITORIES HAS APPARENTLY ENABLED AIR FRANCE SOMETIMES BEAT OUT US CARRIERS FOR CHARTER CONTRACTS.

8. ONE AREA OF FLAGRANT DISCRIMINATION IS YOUTH TRAFFIC CARRIED BY AIR FRANCE AT DISCOUNT FARES ON NORTH ATLANTIC UNDER GOF'S ATITRA PROGRAM. HOWEVER, AS WITH PART CHARTERS, DISCRIMINATION EXISTS BECAUSE US CARRIERS ARE PREVENTED FROM CARRYING ATITRA TRAFFIC UNDER FRENCH RULE BECAUSE OF CAB BAN ON YOUTH FARES. ATITRA PROGRAM MAY ALSO BE CONTRARY TO IATA RULES, SINCE OUR CARRIERS TELL US ATITRA FARES APPEAR NOT TO BE FILED WITH IATA. TWA ESTIMATES THAT ATITRA TRAFFIC TO US GENERATED REVENUE IN EXCESS OF \$10 MILLION FOR AIR FRANCE IN 1974 AND REPRESENTED CONSIDERABLE LOSS OF POTENTIAL BUSINESS FOR TWA. PANAM HAS ALSO COMPLAINED TO US ABOUT ATITRA PROGRAM. BOTH TWA AND PANAM CLAIM THEY FAIL UNDERSTAND WHY ATITRA TRAFFIC CONTINUES TO BE TOLERATED BY CAB. COMMENT: WE WOULD APPRECIATE ANY BACKGROUND DEPT. AND/OR CAB COULD PROVIDE ON THIS SUBJECT.

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